

**PROPERTY ASSESSMENT APPEAL BOARD**  
**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 14-77-0339

Parcel No. 261-00307-696-000

Steve Winter

Appellant,

vs.

Polk County Board of Review

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board on April 27, 2015. Steve Winter was self-represented. Polk County Assistant Attorney David Hibbard represented the Board of Review.

Steve Winter is the owner of a residentially classified property located at 1600 Prairie Ridge Drive, Polk City, Iowa. The property is a one-and-a-half-story home, which was built in 2012, has 3298 square-feet of living area; a full, unfinished basement; a four-car attached garage and two porches. The site is 0.551 acres.

The property's January 1, 2014 assessment was \$460,300, allocated as \$75,500 in land value and \$384,800 in improvement value. This was a change in value from the previous year making available all grounds for protest under Iowa Code section 441.37(1)(a)(1). Winter's protest to the Board of Review claimed the property was inequitably assessed and was assessed for more than authorized by law under sections 441.37(1)(a)(1) and (2). He also asserted an error in the assessment under section 441.37(1)(a)(3); however, his error claim essentially reasserts there is inequity in the assessment.

When his protest was filed with the Board of Review, the Polk County Assessor's Office identified listing errors related to the subject property's land. To correct this error,

the Board of Review, acting on the Assessor's Office's recommendation, reduced the assessment to \$433,700, allocated as \$107,900 in land value and \$325,800 in improvement value. Winter then appealed to this Board reasserting his claims and contending his property's correct fair market value is \$385,500.

### Findings of Fact

Winter believes the exhibits he provided show both the land and dwelling are over assessed. In support of his contention that his land is over assessed, Winter submitted thirteen sales of unimproved, vacant sites. (Ex. 3). The following chart summarizes these sales.

Sale	Address	Site Size (SF)	Date of Sale	Sale Price
N/A	Subject	23,986	Dec-11	\$31,000
1	1524 Prairie Ridge Dr	22,651	Jul-13	\$79,900
2	1529 Prairie Ridge Dr	26,086	May-13	\$76,000
3	1428 Prairie Ridge Dr	32,997	May-14	\$67,000
4	1009 N Broadway St	69,308	Apr-14	\$85,000
5	909-1621 Orchard Ln	88,529	Apr-14	\$85,000
6	1620 Orchard Ln	86,838	Jun-13	\$90,000
7	721 N Broadway St	52,801	Apr-13	\$85,000
8	709 N Broadway St	78,766	Apr-13	\$85,000
9	1517 Prairie Ridge Dr	27,434	Oct-11	\$57,000
10	1417 Prairie Ridge Dr	35,619	Jun-09	\$75,000
11	1425 Prairie Ridge Dr	33,993	Mar-12	\$66,000
12	1500 Prairie Ridge Dr	28,228	Jun-11	\$57,000
13	1625-1613 Prairie Ridge Dr	22,000	Oct-11	\$30,000/Lot

Based on these sales, Winter asserts his property's correct land value is \$75,000.

Amy Rasmussen, Director of Litigation in the Polk County Assessor's Office, testified for the Board of Review and stated that vacant lots would have a different value than improved lots and thus distinguished Winter's land sales. (Ex. 3). She explained that raw land sales do not include any improvements such as curb/gutter and utilities. She also said that other amenities, including landscaping increase the land value once the property is improved with a dwelling or other building like Winter's lot. After a site is improved with these items and other features, its market value would increase to reflect

the added improvements. Winter objected to Rasmussen's explanation, asserting that all of the lots were located in a "developed subdivision." While it may be true that the sites were located in an area already improved with streets and utilities already available; the sites themselves may not yet be improved with utilities and would likely not have sidewalks, driveways, landscaping and other common site improvements.

Additionally, Rasmussen explained that several of the lots Winter used were subject to a five-year plat law. Rasmussen expounded that the assessed values of the sites subject to the plat-law were set based on the original value of the unimproved sites and it could not be increased until the plat-law expired or the site was improved.

We further note, Winter did not adjust any of the sales for differences between them and the subject site. In particular, Sales 9 and 12 were sales from a lender and would not be considered normal transactions for assessment purposes as this indicates they were foreclosure properties. Further, Sale 13 was the sale of multiple lots, which would also be an abnormal transaction. Because Winter did not account for these abnormal conditions, and other differences between the lots and the subject property, we give them no consideration and find they are unreliable indicators of the subject property's land value.

Turning to the improvements, Winter provided two exhibits of properties in his neighborhood. (Exs. 1 & 2). The first exhibit was a summary of nine surrounding homes. (Ex. 1). The second exhibit was a summary of all one-and-one-half story and two-story homes in the subject property's neighborhood. (Ex. 2). The exhibits listed details about the properties including their year built, finished area, bedrooms, bathrooms, and other features. The following chart summarizes Exhibit 1.

Comp	Address	Style	Total Finish Area (TFA)	2014 AV of Improvements	AV/TFA
N/A	Subject	1.5 Sty	3298	\$384,800	\$116.68
1	1016 Prairie Ridge Dr	1 Sty	3680	\$314,300	\$ 85.41
2	1021 Prairie Ridge Dr	1 Sty	3145	\$291,500	\$ 92.69
3	1020 Prairie Ridge Dr	2 Sty	2274	\$224,500	\$ 98.72
4	1009 Prairie Ridge Dr	1 Sty	4031	\$381,600	\$ 94.67
5	1013 Prairie Ridge Dr	1 Sty	4762	\$389,500	\$ 81.79
6	1017 Prairie Ridge Dr	1 Sty	4200	\$272,300	\$ 64.83
7	1601 Prairie Ridge Dr	1.5 Sty	2236	\$248,800	\$111.27
8	1605 Prairie Ridge Dr	2 Sty	3754	\$275,500	\$ 73.39
9	1604 Prairie Ridge Dr	1 Sty	1834	\$202,800	\$110.58
				Avg (Excluding Sub)	\$ 90.37

Based on this analysis, Winter believes the subject improvements should have a market value of \$298,000 (rounded); however, he recommends a value for the improvements of \$310,000.

We note Winter based his assessed value per TFA from the original 2014 assessed value, rather than the adjusted value determined by the Board of Review. Using the adjusted 2014 improvement value of \$325,800, Winter's property has an indicated assessed value per TFA of \$98.79. By comparison, the only similar style and grade property, Comparable 7, has an assessed value per TFA of \$111.27, which does not show over assessment or inequity because simply comparing the assessed value of all of the improvements and determining a TFA is not correct. For example, properties with less square footage often have higher values per square foot. Additionally, any discrepancies in the comparables such as grade, bathroom count, and quality of basement finish are not accurately accounted for in a square-footage comparison.

Winter's analysis of one-and-one-half story and two-story homes identified similar information to that found in Exhibit 1. (Ex. 2). Regarding this exhibit, Winter considered two properties, 1605 Prairie Ridge Drive and 1571 Prairie Ridge Drive to be the most similar. The following chart summarizes some information about these two particular properties compared to the subject with its 2014 adjusted improvement value.

Address	Style	Main Level	Upper Level	Basement Finish	Total Finish Area (TFA)	Improvement Assessed Value	AV/TFA
Subject	1.5 Sty	2,195	1,103	0	3298	\$325,800	\$98.79
1605 Prairie Ridge Dr	2 Sty	1,565	1,439	750/Avg Plus	3754	\$275,500	\$73.39
1517 Prairie Ridge Dr	1.5 Sty	1,903	749	1050/Avg Plus	3702	\$314,900	\$85.06

We note the subject property has the largest main level area, which typically has a higher cost per-square-foot and may be one explanation for why its assessed value per TFA is slightly higher these two comparables. Regardless, simply comparing the assessed values of properties is insufficient evidence for a both an inequity claim and market value claim. Rasmussen also testified that she believed Winter's analysis in these exhibits was not proper for determining the fair market value of a property. We agree. Rasmussen was also critical that all of the properties Winter identified were not truly comparable, due in part to the quality (grade) and variances in main level and second level living areas, which would have different cost units applied to them to arrive at their assessed values.

## Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions reflecting market value are to be considered in arriving at market value.

§441.21(1)(b). Conversely, sales of property in abnormal transactions not reflecting market value shall not be taken into account. *Id.*

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

“(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination.”

*Id.* at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa law requires assessments to be at one hundred percent of market value. § 441.21(1). Nevertheless, in some rare instances, the test may be satisfied.

In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property’s correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

Winter offered multiple land sales and compared the assessed values of multiple improvements to his property. All of the Winter’s land comparables recently sold; however, some were either sales from a lender or multiple parcel sales, rendering them abnormal. Additionally, all of the sales were of unimproved land and without accounting for any differences, they are unreliable evidence of either inequity in the assessment or over assessment.

Of the improved properties Winter offered, market value was not established to conduct the assessment/sales ratio. Moreover, Winter did not assert the Assessor failed to uniformly apply an assessing method to similarly situated or comparable properties. For these reasons, he failed to show his property is inequitably assessed.

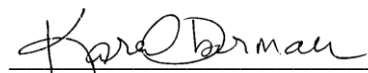
In an attempt to establish the market value of the improvements, Winter relied on the assessed values of neighboring properties. This is not proper methodology in establishing market value; rather the comparable properties market value should have been used to determine a market value for the subject property. Moreover, like the site sales, the improved properties were unadjusted for differences. As a result, we find that a preponderance of the evidence does not support Winter's claim that the property is assessed for more than authorized by law.

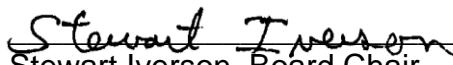
### **Order**

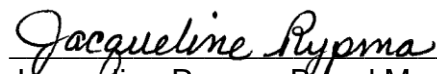
IT IS THEREFORE ORDERED the January 1, 2014, assessment of the subject property as set by the Board of Review is affirmed.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

Dated this 11th day of June, 2015.

  
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Karen Oberman, Presiding Officer

  
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Stewart Iverson, Board Chair

  
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Jacqueline Rypma, Board Member

Copies to:  
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